

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 526 - HB 758

March 3, 2015

SUMMARY OF BILL: Beginning on July 1, 2015, requires local education agencies (LEAs) to reimburse community colleges of the Tennessee Board of Regents (TBR) for remedial coursework for students who enroll in a public higher education institution within 16 months of high school graduation.

ESTIMATED FISCAL IMPACT:

Increase State Revenue –

\$12,474,900/FY15-16/TBR Institutions

Exceeds \$12,973,900/FY16-17 and Subsequent Years/TBR Institutions

Increase Local Expenditures –

\$12,474,900/FY15-16/LEAs*

Exceeds \$12,973,900/FY16-17 and Subsequent Years/LEAs*

Assumptions:

- The TBR community colleges are the sole state institutions of higher education that offer remedial coursework.
- Based on information received from TBR, community colleges have budgeted \$18,454,048 in FY14-15 to provide remedial coursework.
- In the fall of 2014, approximately 65 percent of students within the TBR system had enrolled at a public post-secondary institution within 16 months of high school graduation. This enrollment rate is assumed to remain constant over time.
- TBR will be reimbursed for 65 percent of the overall expenditures for remedial coursework. The reimbursement payment from LEAs to TBR community colleges, if applicable to FY14-15, would be \$11,995,131 (\$18,454,048 x 0.65).
- Historically the cost of providing remedial education has risen four percent annually.
- In FY15-16, the reimbursement payment from LEAs to TBR community colleges is estimated to be \$12,474,936 (\$11,995,131 x 104%).
- In FY16-17 and subsequent years, the reimbursement payment from LEAs to TBR community colleges is estimated to exceed \$12,973,933 (\$12,474,936 x 104%).

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

SB 526 - HB 758

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "Jeffrey L. Spalding". The signature is written in a cursive, flowing style.

Jeffrey L. Spalding, Executive Director

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